

**Minutes of the Meeting of
Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee
held in the Oak Room at Headquarters, Shrewsbury
on Thursday, 9 November 2017 at 2.00 pm**

Present

Members

Councillors Carter, Hartin (Vice-Chair), Murray, Pardy, Phillips and Wynn

Officers

Rod Hammerton	Chief Fire Officer	CFO
Andy Johnson	Deputy Chief Fire Officer	DCFO
Joanne Coadey	Head of Finance	HoF
John Harrison	Area Manager	AM
Andrew Kelcey	Head of Resources	HoR
Lynn Ince	Executive Support Officer	ESO

Observer

Dave Myers

The Vice-Chair took the chair for the meeting as the Chair of the Committee had given his apologies.

The Chair welcomed Mr Dave Myers, the new Assistant Chief Fire Officer (ACFO) to the meeting. Mr Myers will take up the ACFO post on 11 December 2017.

1 Apologies for Absence

Councillor Roberts and James Walton (Treasurer)

2 Disclosable Pecuniary Interests

None

3 Public Questions

None

4 Minutes

Resolved that the minutes of the Strategy and Resources Committee meeting, held on 7 September 2017, be agreed and signed by the Chair as a correct record

5 Financial Performance to September 2017, including Annual Treasury Review 2016/17 and Mid-Year Treasury Review 2017/18

This report provided information on the financial performance of the Service, and sought approval for action where necessary. The report also presented the annual treasury review 2016/17 and the mid-year treasury review 2017/18.

The HoF presented the report and talked through the variances, detailed on page 2, which totalled £90k. With regard to the Capital Programmes section of the report, the HoR talked through the proposed changes to the Capital Schemes for Fire Appliances, as set out on page 3 of the report. The HoR advised that the tender, which has been done in conjunction with Hereford & Worcester Fire and Rescue Service (HWFRS) and West Midlands Fire Service, includes 2.5% inflation, which Officers believe is a sufficient amount.

The Committee asked if the RDS appliances that are to be replaced by the current wholetime appliances would be taken out of service and if they would be donated to Romania, as has happened previously. The HoR advised that the RDS appliances would be taken out of service and sold at auction, at commercial rate with the money raised from them coming back into the Service.

The Committee asked if procurement had been done through a number of sources and if there were many suppliers of fire appliances? The HoR explained that procurement had been undertaken through the National Procurement Framework and that 4 tenders received. The CFO further explained that all fire appliances are specialist in nature and often have modification to match local risks. As such it is difficult to secure significant economies of scale through banding together contracts but we do work with partners where we can to reduce contract and other costs such as management of the "build" programmes.

The HoF highlighted Enterprise Resource System (ERP) issue which was detailed in the Corporate Risk section of the report and drew Members' attention to the short lead time on the proposed change. The Service is keen not to lose the resources input and integration work that has already taken place on the Finance, Human Resources and Payroll systems and are reviewing the options available to it, including working with another provider. The issue will be discussed at the next Strategy and Planning Working Group meeting, with a paper then being taken to the full Fire Authority for consideration.

With regard to the Annual Treasury Review, the Committee raised the following issues in relation to investments:

- The financing rates, stated in the report, of 4.49% seem high. The HoF explained that the Authority currently has 12 to 15 loans outstanding and undertook to provide Members with a list of the rates borrowed at and maturity dates.

- The interest rates achieved, as detailed on page 9 of the report, raised queries regarding the Authority's investment policy which precludes certain organisations. The HoF explained that the Authority's Treasury Management Principles suggest investing no more than £2m with any one institution, at any time. The Committee requested further information on this, which the HoF agreed to provide.
- Members queried if Councils were safe for investment in the current financial climate. The HoF confirmed that councils are deemed to be safe for investment at present.

The CFO suggested that the Treasury Management team, from Shropshire Council, could be invited to attend the next meeting of the Committee to provide the information required. Alternatively, a training session from Shropshire Council in treasury management could be arranged for interested members. It was agreed that a briefing/training session would be arranged for the Committee.

The Committee further queried the 4.49% Interest Rate achieved on outstanding debt, particularly with an interest on whether it was possible to refinance any of the debt; recognising it would be likely that there would be redemption costs to consider. The HoF explained that repayment of debt had been explored previously and at that time the high level of costs prohibited it. However, it was at least 2 years since this had been investigated so it would be reasonable to look again.

Resolved that the Committee recommend that the Fire Authority

- Note the position of the revenue budget;
- Approve virements to the revenue budget, where requested;
- Note the update on capital activities, and approve changes to the appliance schemes detailed in paragraph 5 of the report;
- Note the update on corporate risk;
- Note the annual review of treasury activities for 2016/17;
- Note performance against prudential indicators to date in 2017/18; and
- Note the mid-year review of treasury activities for 2017/18.

6 2018/19 and Later Years Revenue and Capital Budgets

This report brought together the elements of an initial revenue budget, based on current planning assumptions, and sought the Committee's approval for this outline to be recommended to the Fire Authority in December 2017.

With regard to the proposed changes to the Personal Protective Equipment (PPE) provision within the Base Budget, Members asked if the current PPE was meeting expectations. The HoR confirmed that it is performing as well as expected. There has been no need for excessive repairs and the PPE is continually reviewed.

The CFO explained that the Service will be looking to reduce ICT Contracts expenditure through collaboration with the aim of reducing the figures stated for 2023.

Members expressed concern that the Pay and Prices assumptions, as set out on page 5 of the report, seemed high. As the Bank of England has set inflation at 2%, a 2.5% contingency would seem realistic but 3% seems high. Members assumed that there was 'padding' of an extra 0.5% but did not understand why. The HoR explained that there are different inflation rates for food / non-food items and the rates given reflect that the Service operates in a specialist market.

The CFO commented that the assumptions are based on experience rather than insight and its impact is limited due to the fact it only effects a relatively small part of the budget. Officers confirmed that they were happy to provide further detail if required.

The Committee agreed that a valid point had been raised in regard to the Pay and Prices assumptions and suggested that this should be looked at in more detail. It is a small amount but it needs to be robust and justifiable. The Hof suggested, and the Committee agreed, that the assumptions be left as they are for now, with Members considering further information and amending if needed, later on in the budget setting process.

Resolved that the Committee recommend that the Fire Authority

- a) Notes the revisions and the committed changes to the base budget, as shown in section 4 of the report;
- b) Bases its pay and price contingency in the revenue budget on the calculations set out in section 5 of the report;
- c) Notes the process for the approval of the capital programme; and
- d) Approves the expenditure figures associated with those approved assumptions as a basis for developing the budget at the meeting of the Fire Authority on 13 December 2017.

7 Provisions, Reserves and Funds

This report set out the issues, which the Fire Authority will need to consider as part of its annual review of provisions, reserves and funds.

Resolved that the Committee agree to propose to the Fire Authority that it

- a) Confirm the current position of reserves and provisions; and
- b) Review the level of the General Reserve

8 'Rank to Role' Dispute

This report informed Members of the ongoing dispute between the Service and the Fire Brigades Union (FBU), relating to the 'Rank to Role' process, and presented options for consideration by the Fire Authority for settling the dispute.

The DCFO presented the report and thanked the FBU for their work, in relation to moving the issue forward, in particular the DCFO highlighted the FBU's compromise on back pay.

The Committee agreed with the CFO's recommendation that Option 3 – Restructure the roles and responsibilities in accordance with the joint proposal, as set out on page 6 of the report, was the best option. The Committee were keen to move the issue forward, especially give the length of time that it had taken to reach this point, and noted that the FBU were happy with this proposal and have made concessions in order to enable it.

The CFO noted that the Service was conscious that of media coverage, especially as it is a pay increase, but the Committee felt that it could defend its position if required to do so.

The CFO also stated that the FBU deserved credit for entering into discussions regarding this issue without knowing what the outcome would be for its' members.

Resolved unanimously that the Committee

- a) Note the work that has been undertaken by the Service and the Fire Brigades Union in attempting to find a solution to this dispute;
- b) Have considered the three options outlined in section 5 of the report; and
- c) Endorse the stated preferred option – Option 3 with particular regard to its affordability and value for money.

9 Exclusion of Press and Public

Resolved that the Committee being satisfied in all the circumstances of the case that the public interest in maintaining the exemption outweighs the public interest in disclosing this information, formally resolve that the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972.

10 Capital Funding Scheme – Breathing Apparatus Communications Equipment Update (Paragraph 3)

This report informed Members of the findings from a review, commissioned by the Service, to analyse the effectiveness of its current Breathing Apparatus Communications equipment. The report requested a Capital Scheme is established to implement the changes identified as a result of the review's findings.

Resolved that the Committee recommend that the Fire Authority approve the establishment of a Capital Scheme, as detailed at Section 5 of the report.

The meeting closed at 3.30 pm.

Chair.....

Date.....